



CHR.

CENTRALISED V DECENTRALISED ACCOUNTING AND OUTSOURCING

Presented by Stuart Stead and Paul Cunniff

ABOUT US

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- **Cowgill Holloway LLP**

- 160 Staff
- 3 North West Offices
- 12 Partners
- 26 Years of Experience

- **Leisure & Hospitality**

- Developed over the last 3 years arising from the needs of a client who owns and operates 20 UK hotels
- Natural fit with existing outsourcing services
- Increasing use of IT
- Target clients; 1-20 units, hotels, bars, restaurants and other leisure related businesses



PRESENTERS

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- **Stuart Stead**

- Stuart has been involved in audit, business planning and strategy and commercial advisory relating to the property and hospitality sectors for over 15 years
- Built the hospitality advisory unit into a multi-disciplinary team offering a range of services tailored to the individual needs of the industry
- Held advisory roles with hotel groups assisting with their operational costs and profitability levels and making key recommendations to the board for future improvements

- **Paul Cunniff**

- Qualified management accountant with 10 years experience
- Formulated and built the outsourcing business unit
- Specific experience of implementing back office and accountancy systems to enable directors to understand the performance of the business
- Acts as a sounding board and in some instances as a Quasi-Finance Director to assist clients to interpret and utilise management information



WHAT IS ACCOUNTING?

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- **Compliance**
 - Companies House & statutory accounts / audit
 - HMRC (PAYE / NIC / VAT / Corporation Tax)
 - Stakeholder reporting
- **Operational**
 - Purchase ledger
 - Sales ledger
 - Cash management
 - Payroll
- **Commercial**
 - Management reporting
 - KPI's
 - Forecasting & planning
 - Stakeholder liaison



WHAT IS CENTRALISED ACCOUNTING?

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- **Centralised Accounting**

- All accounting functions completed from head office or one unit
- One dedicated team
- One system
- One set of procedures
- Direct access to management team



WHAT IS DECENTRALISED ACCOUNTING

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- **Decentralised Accounting**
 - Staff at individual units
 - Paperwork handled at site level
 - Independent reporting accountability



WHY CENTRALISE?

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- **Centralisation can deliver many benefits including:**
 - Dedicated central resource for finance
 - Consistency of systems and procedures
 - Improved control & visibility
 - Ease of access to documentation
 - Less risk of document loss
 - Efficiency of staff and ability to fully utilise (less unused capacity)



WHY DECENTRALISE?

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- **The benefits of a decentralised accounting function include:**
 - Increased engagement by local managers
 - Increased skill levels of staff at site level
 - Inevitability of local procurement
 - Local managers see information they think they need to see
 - All documents seen and matched locally
 - Reduced potential loss through re routing documentation



WHAT IS FINANCIAL OUTSOURCING?

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- **What is Outsourcing?**
 - Outsourcing is the act of contracting out, certain business processes to an external specialist. Outsourcing does not always involve off-shoring and is a growing service line for many UK businesses. Areas which are commonly outsourced include: Finance, IT, HR and Data Processing
- **What is Financial Outsourcing?**
 - You can outsource any element of your finance function to a specialist including:
 - Financial processing
 - Financial reconciliation
 - Flash reporting
 - Management reporting
 - Credit control
 - Cash management



WHY OUTSOURCE YOUR FINANCE FUNCTION?

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- **Why outsource finance?**
 - Outsourcing part of or all of your finance function can support a centralised or decentralised model. Outsourcing offers the following benefits:
 - Access to specialists in finance experts
 - Consistent approach to processing
 - Consistent reporting formats & timetable
 - Leave your internal team to concentrate on running the business
 - Certain aspects within your business may not actually be full time
 - Save money & **Increase Profitability**
 - Increase quality



KEY CONSIDERATIONS

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- **What do you need to consider we making the decision on your finance function?**
 - Culture and management style
 - What is the role of your local management team
 - What access do the senior manager team need to information
 - What IT infrastructure do you have
 - What is the size of your organisation
 - What is your budget?
 - Nature & timing of stakeholder reporting
- **What types of organisations Outsource?**
 - All businesses outsource
 - We act for clients ranging from £500K turnover to £100m turnover



WHAT IS THE ANSWER?

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- **What is the answer?**
 - There is not a one stop solution for all businesses
 - Each case will be different dependant upon :
 - Management style
 - Budget
 - IT infrastructure
 - Number of units
- The reality is that you may use a mixture of all approaches



CASE STUDY

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- **Client Profile:**

- Based in the south of England
- 5 Sites (5 Gastro Pubs, 2 Hotels)
- Turnover £6m +

- **The Issue**

- Outgoing FD
- Historically inconsistent flash & management reporting
- Implemented new web based systems
- Required a replacement centralised function



CASE STUDY

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- **The Solution**

- CHR host accounting system
- All post directed to CHR
- All processing carried out at CHR
- All reconciliation carried out at CHR
- All transactions reconciled to online ordering / cash sheets
- Weekly payroll produced with electronic payslips
- Weekly flash reporting
- Weekly Cash flow reporting
- Monthly MI

- **Benefits**

- Saved c £50K in finance costs
- Improved margins through reporting by 2% (120K)
- Local managers focused on day to day business not finance
- Consistent reporting
- Benchmarking of performance from relevant clients
- Professional sounding board



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THANKYOU

QUESTIONS?





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